

CITY OF MUSKEGON

CITY COMMISSION MEETING

MAY 13, 2008

CITY COMMISSION CHAMBERS @ 5:30 P.M.

MINUTES

The Regular Commission Meeting of the City of Muskegon was held at City Hall, 933 Terrace Street, Muskegon, Michigan at 5:30 p.m., Tuesday, May 13, 2008.

Mayor Warmington opened the meeting with a prayer from Pastor Penny Johnson from the Oakcrest Church of God after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

Present: Mayor Stephen Warmington, Vice Mayor Stephen Gawron, Commissioners Clara Shepherd, Lawrence Spataro, Sue Wierengo, and Chris Carter, City Manager Bryon Mazade, City Attorney John Schrier, and City Clerk Ann Marie Becker.

Absent: Commissioner Steve Wisneski (excused).

2008-41 INTRODUCTIONS/PRESENTATION:

Mayor Warmington announced that Tom Powers of the United Way presented the City of Muskegon with the 2007 Bronze Award plaque.

Commissioner Shepherd recognized Stephanie Frey, Miss Shoreline; and Anais Felt, Miss Teen Shoreline.

2008-42 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve the minutes of the Regular Commission Meeting that was held on Tuesday, April 22nd.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

B. Membership Agreement – Middle Atlantic-Great Lakes Organized Crime Law Enforcement Network. PUBLIC SAFETY

SUMMARY OF REQUEST: The Director of Public Safety is requesting approval to enter into a membership agreement with the Middle Atlantic-Great Lakes

Organized Crime Law Enforcement Network (MAGLOCLN). MAGLOCLN facilitates interjurisdictional information and intelligence exchange, in addition to providing analytical and technical support to aid member agencies in their efforts to identify and apprehend organized criminals and criminal groups across jurisdictional boundaries. Annual cost of the membership is \$350.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the agreement.

C. 2008 Water Treatment Chemical Bids – Hydrofluorosilic Acid. WATER FILTRATION

SUMMARY OF REQUEST: Recommend endorsement of the lowest responsible bidder to supply hydrofluorosilic acid – fluoride for the water filtration plant.

FINANCIAL IMPACT: Annual cost of \$44,450 (based on average annual water pumped to mains).

BUDGET ACTION REQUIRED: None at this time. These chemicals are budgeted annually. However, the cost increase may require a budget adjustment at a later date.

STAFF RECOMMENDATION: Staff recommends the Mayor and City Commission endorse the low bid received and enter into a contract with Lucier Chemical Incorporated for fluoride.

D. 2008 Water Treatment Chemical Bids – Aluminum Sulfate. WATER FILTRATION

SUMMARY OF REQUEST: Recommend endorsement of lowest responsible bidder to supply aluminum sulfate for the water filtration plant.

FINANCIAL IMPACT: Annual cost of \$74,645 (based on average annual water pumped to mains).

BUDGET ACTION REQUIRED: None at this time. These chemicals are budgeted annually. However, the cost increase may require a budget adjustment at a later date.

STAFF RECOMMENDATION: Staff recommends the Mayor and City Commission endorse the low bid received and enter into a contract with US Aluminate Co. for aluminum sulfate.

E. Accept Resignations and Make Appointments to Various Boards and Committees. CITY CLERK

SUMMARY OF REQUEST: To accept resignations from Brenda Loyd, James Davies and Greg Roberts; and appoint Barbara VanFossen to the District Library Board, Ofelia Jimenez to the Equal Opportunity Committee, and Kevin Woods to the Income Tax Board of Review.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval

COMMITTEE RECOMMENDATION: The Community Relations Committee recommended approval at their May 5th meeting.

F. Consideration of Bids for Roblane, Quarterline to Marlane (H-1636).
ENGINEERING

SUMMARY OF REQUEST: Award the Roblane reconstruction contract to Thompson Brothers of 388 McMillan Rd. since they were the lowest responsible bidder with a total bid price of \$85,312.

FINANCIAL IMPACT: The reconstruction cost of \$85,312 plus engineering cost which is estimated at an additional 15%.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Award the contract to Thompson Brothers.

G. Consideration of Bids for Hudson, Barney to Wilson (W-696) and Ireland, Hudson to Franklin (W-697). ENGINEERING

SUMMARY OF REQUEST: Award the Hudson and Ireland construction contract to Brenner Excavating out of Hopkins since they were the lowest responsible bidder with a total bid price of \$194,173.10. The contract consists of water main and services replacement in Hudson and Ireland as per the referenced limits.

FINANCIAL IMPACT: The construction cost of \$194,173.10 plus engineering cost which is estimated at an additional 15%.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Award the contract to Brenner Excavating.

H. Conveyance of Easement to MDEQ. ENGINEERING

SUMMARY OF REQUEST: Convey an easement to MDEQ for the wetland area north of Shoreline Drive east and west of the Ryerson Creek south of the railroad tracks as was required by the permit which was issued for the construction of Shoreline Drive. Also, authorize the Mayor to sign the easement documents.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: Authorize the Mayor to sign the easement documents.

Motion by Commissioner Carter, second by Commissioner Spataro to approve the consent agenda as read.

ROLL VOTE: Ayes: Shepherd, Spataro, Warmington, Wierengo, Carter, and Gawron

Nays: None

MOTION PASSES

2008-43 PUBLIC HEARINGS:

A. Amendments to Brownfield Plan for Betten Auto Dealerships Project.
PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To hold a public hearing and approve the resolution approving and adopting amendments for the Brownfield Plan. The amendments are for the inclusion of the Betten Auto Dealerships project in the Brownfield Plan.

FINANCIAL IMPACT: Brownfield Tax Increment Financing would be used to reimburse the developer and the City for Act 381 "eligible expenses" incurred in association with development of the Betten properties, starting in 2008. The developers/owners estimate that full development of the Betten properties will involve over \$13 million in private investment (in addition to property acquisition), resulting in a substantial increase in the city income, and local and school property taxes generated by the property.

"Eligible expenses" of over \$3 million would be reimbursed. The estimated tax capture schedule is included as Attachment S-3 in the proposed Brownfield Plan Amendment. The City is also authorized by law to capture up to \$75,000/year to pay for "reasonable and actual administrative and operating costs" of the Brownfield Redevelopment Authority. As such, \$10,000/year of the local tax increment will be captured to reimburse the Brownfield Authority for its administrative costs, for the duration of the Brownfield Plan.

After all eligible costs incurred by the parties are reimbursed, the BRA is authorized to continue to capture local taxes for five more years for deposit into a Local Site Remediation Revolving Fund. Current tax capture estimates indicate that approximately \$1,048,000 could be captured from the taxes on the Betten properties for deposit into this local fund.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To hold the public hearing and approve the resolution and authorize the Mayor and Clerk to sign the resolution.

COMMITTEE RECOMMENDATION: The Muskegon City Commission set the public hearing for May 13, 2008 at their April 22, 2008 meeting. Since that time, a notice of the public hearing has been sent to the taxing jurisdictions, MDEQ, and MEGA of the proposed amendment and its financial impact on each jurisdiction, and has been published twice in the Muskegon Chronicle. In addition, the Brownfield Redevelopment Authority approved the Plan amendment on April 1, 2008 and recommended that the Muskegon City Commission approve the Plan amendment. The BRA will review the Plan revisions at their May 13, 2008 meeting and will make an additional recommendation to the Commission regarding the revised Plan.

The public hearing opened to hear and consider any comments from the public. No public comments were made.

Motion by Commissioner Carter, second by Commissioner Shepherd to close the public hearing and approve the amendments to the Brownfield Plan for Betten Auto Dealerships Project.

ROLL VOTE: Ayes: Spataro, Warmington, Wierengo, Carter, Gawron, and Shepherd

Nays: None

MOTION PASSES

2008-44 NEW BUSINESS:

A. MERS Health Care Savings Program (HCSP) for Medicare Eligible Retirees. FINANCE

SUMMARY OF REQUEST: You may recall that several months ago the City switched from subsidizing MediGap insurance coverage through a company called Magna Care to paying an equivalent cash stipend directly to retirees. This was done both to simplify administration and to give retirees greater flexibility in choosing insurance coverage to best meet their needs. One of the issues that came up was that, as direct cash payments to the retiree, the stipend would be subject to federal income tax. Working with MERS we have found a way to address this issue. This involves the establishment of healthcare savings program accounts (HCSP) for eligible retirees. Basically, running the money through the HCSP accounts will allow us to provide the retiree with the same benefit level, tax-free.

Active non-union and 517M (DPW) employees currently have HCSP accounts that they will carry into retirement. Additional employee groups are expected to participate. As these employees attain Medicare eligibility, the need to maintain separate retiree HCSP accounts will diminish.

FINANCIAL IMPACT: Approximately \$3,500/year administrative fee to be paid from the City's retiree healthcare funding vehicle account at MERS. The cash stipend option helps to control the City's retiree healthcare obligation. Being able to make these payments in a tax-advantaged manner will make this option much more attractive to both current and future retirees.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of three MERS Healthcare Savings Program Participation Agreements for Medicare eligible retirees receiving cash stipend for healthcare and/or Rx. The three agreements are structured around whether the retiree has opted out of medical benefits (\$52.08/mo) Rx benefits (\$43.08/mo) or both medical and Rx (\$93.08/mo).

Motion by Commissioner Spataro, second by Vice Mayor Gawron to approve the three MERS Healthcare Savings Program Participation Agreements for

Medicare eligible retirees.

ROLL VOTE: Ayes: Warmington, Wierengo, Carter, Gawron, Shepherd, and Spataro

Nays: None

MOTION PASSES

B. First Quarter 2008 Budget Reforecast. FINANCE

SUMMARY OF REQUEST: At this time staff is transmitting the ***First Quarter 2008 Budget Reforecast*** which outlines proposed changes to the original budget that have come about as result of changes in policy priorities, labor contracts, updated economic conditions, or other factors. For the next meeting, an action item will be placed on the agenda for adoption of the budget reforecast together with any additional changes deemed necessary by Commissioners.

FINANCIAL IMPACT: The biggest change is an adjustment of projected income tax revenues from \$6.9 million to \$7.2 million. This upward adjustment is based on an analysis of recent collection history and allows us to eliminate from the 2008 budget the projected transfer of \$300,000 from the Budget Stabilization fund. Other revenue items are generally on target with projections as are most operating budgets. We are, of course, hopeful that the Governor's proposal to increase revenue sharing by four percent is successful. This would impact the last three payments (of six) for the City's 2008 fiscal year. Significantly, employee healthcare coverage was renewed at a 6% increase which is within our budget projection.

Aside from income tax, the other significant changes to the 2008 budget included in the first quarter reforecast are in the area of capital improvements. Most of these changes reflect the reallocation of costs due to failed/withdrawn special assessment projects.

BUDGET ACTION REQUIRED: Self-explanatory.

STAFF RECOMMENDATION: The City Commission should review the *Reforecast* to ensure it reflects their policy initiatives. At the next City Commission meeting, staff will request formal approval of the *Reforecast* and related budget amendments.

No action needed.

C. Brownfield Development and Reimbursement Agreement – Betten. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: As part of the Brownfield Plan and Tax Increment Finance (TIF) capture for the Betten project, it is necessary to have a Development Agreement in place. In addition, the document includes a Reimbursement Agreement for the Site Assessment Loan, in the amount of \$250,000.

FINANCIAL IMPACT: The Agreement will insure that the taxes are captured and

Betten is reimbursed for the agreed upon eligible expenses. In addition, the Site Assessment Loan will be repaid through the TIF capture in a timely manner.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution and authorize the Mayor and Clerk to sign the resolution.

Motion by Vice Mayor Gawron, second by Commissioner Wierengo to approve the resolution and authorize staff to approve any and all other necessary documents and authorize the Mayor and/or Clerk to execute such.

ROLL VOTE: Ayes: Carter, Gawron, Shepherd, Spataro, Warmington, and Wierengo

Nays: None

MOTION PASSES

D. Dangerous Building – Muskegon Hotel – Bids for Demolition.
INSPECTIONS

SUMMARY OF REQUEST: The Inspection department requests that the City Commission award a bid for demolition of the property located at 593 W. Western to the lowest responsible bidder.

FINANCIAL IMPACT: General Funds.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To award the bid to Griffelle in the amount of \$33,999.

Motion by Commissioner Spataro, second by Vice Mayor Gawron to approve the bid for demolition of 593 W. Western Avenue.

ROLL VOTE: Ayes: Carter, Gawron, Shepherd, Spataro, Warmington, and Wierengo

Nays: None

MOTION PASSES

ADJOURNMENT: The City Commission Meeting adjourned at 5:58 p.m.

Respectfully submitted,

Ann Marie Becker, MMC
City Clerk